

Figures as of	November 30, 2021
Net Asset Value	USD 286.14, CHF 205.31, EUR 323.06
Fund Size	USD 337.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	770.0% in USD
Annualized Total Return	12.4% in USD

* The track record is the combination of two consecutive track records of China Investment Corporation (CIC) and HSZ China Fund (HCF). From May 27, 2003 to November 17, 2006, it is the performance of CIC, a trust account managed by HSZ (Hong Kong) Limited for listed Chinese equities. Since the launch of HCF on November 17, 2006 it is the performance of HCF.

Net Asset Value (Monthly)



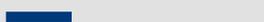
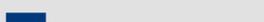
Performance

	November	YTD	1 Year	May 2003
USD Class	(0.3%)	(7.7%)	6.0%	770.0%
CHF Class	0.7%	(3.6%)	6.6%	504.8%
EUR Class	2.5%	0.0%	9.1%	794.5%

Largest Holdings

Ningbo Orient Wires	8.3%	
Longi Green Energy	6.2%	
SF Holding	5.8%	
Sunny Optical	5.8%	
Haitian Flavouring & Food	5.7%	
Proya Cosmetics	5.6%	

Exposure

Industrials	24.1%	
Information Technology	21.5%	
Consumer Staples	19.7%	
Consumer Discretionary	13.4%	
Health Care	6.1%	
Cash	3.7%	

Newsletter November 2021

- China's PMI returned to the expansion range
- HSZ China Fund was down 0.3% in November
- CEG reported core profit increased by 48% YoY to CNY 1.6 bn
- Hengrui continues to accelerate its R&D pace
- Nongfu Spring to accelerate growth with new products

China's PMI returned to the expansion range. China's National Bureau of Statistics announced that China's PMI climbed back to 50.1% in November. The breakdown showed that among the 21 industries surveyed, the PMI of 12 industries is in the expansion range, an increase of 3 compared with October. China has recently issued a series of policies to strengthen the country's energy supply and stabilize commodity prices, which have gradually yielded results. The tight power supply has eased, and the prices of main raw materials have stabilized significantly.

HSZ China Fund was down 0.3% in November. Main positive contributors were our holdings in Industrials, Healthcare, and Information Technology. With Ningbo Wire being the biggest return contributor, followed by Nongfu Spring and CEG. Our investments in consumer discretionary and utilities detracted from the performance.

CEG reported core profit increased by 48% YoY to CNY 1.6 bn. The leading Chinese vocational education operator reported its latest fiscal year 2021 result with revenue up 38% year over year to CNY 3.7 billion and its core profit increased by 48% year over year to CNY 1.6 billion. Student enrollment has reached to 240'000 students. China Education Group (CEG) continues to expand the schools' network through M&A and launches new vocational courses, including high-end manufacturing, new materials, new energy, environmental protection, to support the needs of emerging industries.

Hengrui continues to accelerate its R&D pace. Hengrui has licensed in a CTLA-4 monoclonal antibody product from a local Biotech company CStone Pharmaceuticals. Hengrui has a rich pipeline in the oncology field and CTLA-4 can be a powerful supplement to its oncology pipeline. CTLA-4 can be used for the combination therapy of company's core product PD-1 and more indications in the future. This is the fourth licensed drug in oncology by Hengrui this year, which shows that Hengrui has also increased its cooperation efforts to speed up the progress for transforming itself into an international innovative drug company.

Nongfu Spring to accelerate growth with new products. During the recent Double 11 Shopping Festival in November, Nongfu Spring was ranked No. 1 in beverages in Taobao's Tmall store, with GMV more than doubled. This is the fifth consecutive year for Nongfu to be ranked top across all water beverage brands. During the month, Nongfu also introduced a new bottled milk tea. Leveraging its strong distribution network across China, Nongfu is set to fuel its future growth with the roll-out of new products and gain more market share in the emerging bottled milk tea segment.

General Information

Name	HSZ China Fund
Theme	Entrepreneurial China
Nature	Long-only equity fund, actively managed
Focus	Listed Chinese equities focusing on privately controlled companies

Structure	Swiss investment fund, regulated by FINMA, open-ended
Distributions	Income annually
Fiscal Year End	December 31
Reporting	Semi-annually in USD
Currency Classes	USD, CHF, EUR (all unhedged)
Trading	Daily issuance and redemption, based on net asset value

Fund Manager	Credit Suisse Funds AG
Custodian Bank	UBS Switzerland AG
Investment Manager	HSZ (Hong Kong) Limited
Auditors	PricewaterhouseCoopers AG

Management Fee	1.5% annually
Performance Fee	10% above hurdle rate of 5%, high water mark
Issuance Fee	None
Redemption Fee	None

USD Class	ISIN CH0026828035, Valor 2682803 WKN A0LC13 Bloomberg HSZCHID SW Equity
CHF Class	ISIN CH0026828068, Valor 2682806 WKN A0LC15 Bloomberg HSZCFCH SW Equity
EUR Class	ISIN CH0026828092, Valor 2682809 WKN A0LC14 Bloomberg HSZCHEU SW Equity
Orders via Banks	UBS Switzerland AG IB Execution Hub Tel: +4144 239 1977

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Investment Opportunity

Once the world's largest trading power, China's gradual decline during the second millennium culminated in the Maoist purgatory. However, since the 1980s economic development has taken center stage. China has become the engine of the fastest growing region in the world attracting substantial foreign investments and developing into the world's manufacturing hub. Furthermore, an increasing middle class is fueling demand for consumer products. The growth momentum is set to continue as China strives to catch up with mature economies, producing attractive investment opportunities.

Investment Strategy

The objective of HSZ China Fund is to create sustained shareholder value by acquiring and managing equity and equity-linked investments in a select number of high-quality companies that are rooted in China. At least two-thirds of the total assets are to be invested in companies which are domiciled in China or participate as holding companies in enterprises domiciled there. At most one-third of the total fund volume can be invested in equity-oriented stocks and money market instruments of issuers worldwide. Based on fundamental analysis and a bottom-up approach, investment opportunities are identified that are assessed to provide above-average return on invested capital, have strong earnings per share growth and are priced attractively.

Risk Management

The Chinese stock market has many of the risks and characteristics of emerging markets. HSZ (Hong Kong) Limited exerts itself for reducing specific risks by accurately screening and monitoring high quality assets. That is why the long-lived experience of its specialists based locally is invaluable for investors. The fund is well diversified to avoid concentration risk. The weight of each position in the portfolio is subject to a maximum limit of 15%. No portfolio leverage is employed. The fact that HSZ China Fund invests in listed equity provides the investor with a reasonable degree of liquidity.

Investment Manager

HSZ (Hong Kong) Limited is a Hong Kong based independent investment management company. Its investment team has been managing Asian equity portfolios since 1994.

Disclaimer

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